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Travel Montana UPDATE

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Dear Friend:

The Montana Legislature's Audit Division recently completed a 14-month performance audit of the Lodging Facility Use Tax, commonly known as the tourism "bed tax." Performance audits are one of the legislature's tools to analyze state program operations, their management, goals and objectives to ensure that programs are doing what lawmakers intended. The "bed tax" audit focused on the Departments of Revenue, Commerce, and the university system's tourism research program, ITRR.

Overall, the Department of Commerce was pleased with the audit and concurred with most of its findings. The legislative auditors praised many of our programs for having "goals, objectives, and performance measurements which help insure Travel Montana is meeting its mission." We are acting on auditor suggestions for improving some of our accounting and contracting procedures, and better defining certain program objectives and measurement techniques.

There was considerable press coverage of the audit's comments regarding "bed tax" collections and distribution. Two specific comments related to the Department of Commerce: the publication/website listings of facilities that do not collect the "bed tax," and the distribution of funds to the tourism regions and CVBs. The press reports left out some crucial details that provide a more complete understanding of these issues. Let me share those details with you.

The auditors identified 45 accommodations listed in our state guides that do not have Revenue Department Lodging Facility Use Tax ID numbers. The implication is that these facilities are improperly benefiting from their free listings and the state's tourism promotion without collecting the "bed tax" which pays for it all. What was not mentioned is that current law exempts properties charging less than 60% of the state lodging per diem rate from collecting the "bed tax." That affected some listings while others involved business ownership changes or properties that went out of business during the year. Over the last three years, we have worked closely with the Department of Revenue to develop a system to ensure that every facility that should be collecting the tax is. A perfect system is yet to come.

Under current law, Travel Montana distributes "bed tax" funds to the tourism regions and CVBs. The payment to each tourism entity is determined from quarterly collection reports provided by the Revenue Department. The distribution formula relies on Revenue to identify which region or CVB community the tax collections come from. The audit found that over a 6-year period about \$177,000 that should have been distributed to the regions and CVBs was not. Over this same period, Travel Montana distributed \$11,439,489 to the tourism entities. How was an average \$29,500 missed each year?

Some of the funds in question result from the difference between the revenue agency's estimated and actual "bed tax" administration costs. Revenue withholds 3% of "bed tax" collections for administration. Actual costs are typically less. At the end of the annual budget cycle, Revenue adds the unspent administration funds to the amount available for the region and CVB distribution. To date, the revenue agency has been unable to identify for us where those taxes were collected. Because of this, Travel Montana cannot determine what portion of the unused funds each tourism entity should receive.

These undistributed funds have NOT been spent elsewhere. They are in a special account waiting for the development of an appropriate method for incorporating them into the distribution system. We will work to speed that process along.

If you want to view a summary of the audit findings, it is on the state's website at state.mt.us/leg/audit/summary/98P-09.htm. If you have any questions with regard to the audit or Travel Montana programs, don't hesitate to contact me.

Sincerely,

Matthew Cohn
Travel Montana Director

The Summer Season: Looking Good, Mostly

There are no "hard" figures yet on Montana's 1999 visitor numbers, but Travel Montana Director Matthew Cohn has been on the phone to tourism contacts around the state. From these calls, he reports that, overall, summer visitation looks good.

"There are some pockets where visitation is down. Glacier and some areas around Yellowstone are soft, but the Flathead, Missoula, Custer Country, communities along the Hi Line, Bozeman, Virginia City and others report that visitation is either up or they are seeing more destination visitors than transient visitors," says Matthew.

"All in all, the preliminary indicators point to another strong tourism year which in this time of economic challenges for agriculture, mining and other sectors of our economy, is good news for Montana."

Film Office News

Want tips on how to get hired on a production, even with little or no experience? The Montana Film Office has an informative list of tips & suggestions for doing this. Call them at 444-3762, e-mail requests to montanafilm@visitmt.com or visit "News 4 Crews" on the Film Office website: www.montanafilm.com. The Film Office has other information of interest to tourism-based businesses. Just call or visit.

Travel Montana Awards

Travel Montana's new "Big Sky Country" Badge Logo will be featured in PRINT:

America's Graphic Design Magazine's Regional Design

Annual/1999 that comes

out in September. PRINT Editor Martin Fox said the Travel Montana logo and other design selections appearing in this top-rated graphic design publication "represent the best design, illustration and photography being produced throughout the U.S."

The Montana/Wyoming Cooperative Marketing Campaign was honored this July with the 1999 Marketing and Promotion Creativity Award from the National Council of State Tourism Directors. The award was announced at the directors' annual education gathering, ESTO, held this year in Virginia.



July Media Projects:

- Marlboro still, Gardiner/Livingston areas
- "History of Vigilantism," HISTORY CHANNEL, Bannack, Virginia/Nevada Cities
- Jeep Cherokee commercial, Bozeman/Red Lodge areas
- Jeep commercial, Livingston/Bozeman areas
- Dodge commercial, Anaconda /Butte areas

Alternative accessible formats of this document will be provided to disabled persons on request.

Baby Report:

MTRI Coordinator Sarah Lawlor became a mom on June 12. Daughter Aine started out at 5.5 lbs 19 inches, but added three pounds and two inches in her first month! Congrats to Sarah and Sean!

Statewide Planning For Lewis & Clark

Mark your calendar for September 26 & 27, 1999, and set your sights on Lewistown's Yogo Inn. That's the time and place for Montana's 1st Annual Lewis & Clark Bicentennial Planning Conference presented by the state's Lewis & Clark Bicentennial Commission.

Full agenda and registration forms will be out in early August. For conference information, including sponsorships and exhibiting, call Premier Planning, 442-4141.

Who should be there? Anyone interested in the upcoming Montana Bicentennial Observance. Why? To network, to learn about planned or possible bicentennial activities, identify funding options, learn interpretation techniques, better understand the Montana Indian perspective, and much more.



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